

Statement 27

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule L, Line 24-Appropriated R/E (Beginning)

Item Description	Grace Drilling 73-097397	Grace Libya 13-6112816	Germany Hold 65-0799268	Conn 13-5114230
Miscellaneous Retained Earnings-Appropriated	0	0	0	-2,000
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,000</b>

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W.R. GRACE & CO., & Subsidiaries  
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For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule L, Line 24-Appropriated R/E (Ending)

Item Description	Consolidated Total	Corporate Eliminations	Subtotal before Eliminations	GRACE 65-0773649	Ichiban 65-0773652
Miscellaneous Retained Earnings-Appropriated	-2,000	0	-2,000	0	0
<b>Totals</b>	<b>-2,000</b>	<b>0</b>	<b>-2,000</b>	<b>0</b>	<b>0</b>

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Form 1120 US Corporation Income Tax Return  
Schedule L, Line 24-Appropriated R/F (Ending)

Item Description	Receivables 58-2430942	Remedium 22-2312556	Alewife Land 22-2603359	Alewife Boston 22-2603361	Five Alewife 22-3003981	GN Holdings 13-3613599
Miscellaneous Retained Earnings-Appropriated	0	0	0	0	0	0
Totals	0	0	0	0	0	0

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Form 1120 US Corporation Income Tax Return  
Schedule L, Line 24-Appropriated R/E (Ending)

Item Description	CB Biomedical 65-0679166	Amicon 04-3137963	Washington 22-2941320	Grace Environ 13-354607	Separation 95-280631	Art Management 52-2290300
Miscellaneous Retained Earnings-Appropriated	0	0	0	0	0	0
Totals	0	0	0	0	0	0

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Form 1120 US Corporation Income Tax Return  
Schedule L, Line 24--Appropriated R/E (Ending)

Item Description	Grace Cuba 36-6110408	Collections 65-0419649	Litigation Mgt 65-0537976	Southern Oil 59-0967853	Guanica 65-0504444	405,407,409,702 13-2671485
Miscellaneous Retained Earnings-Appropriated	0	0	0	0	0	0
<b>Totals</b>	0	0	0	0	0	0

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**U.S. Corporation Income Tax Return**  
**For Year Ended 12/31/2001**

Form 1120 US Corporation Income Tax Return  
Schedule L, Line 24—Appropriated R/E (Ending)

Item Description	A-1 BittTool	Tarpon Invest	G C LTD	Monolith	Grace Culinary	Grace Hotel
	22-2974435	65-0344213	65-0344211	52-0913918	52-1309187	13-3584911
Miscellaneous Retained Earnings-Appropriated	0	0	0	0	0	0
Totals	0	0	0	0	0	0

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**Form 1120 US Corporation Income Tax Return  
Schedule L, Line 24--Appropriated R/E (Ending)**

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For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule L, Line 24--Appropriated R/E (Ending)

Item Description	W.R. Land 13-2677646	G C Management 65-0355942	Grace Interna 65-0609540	Water Street 13-6152056	Del Taco 75-1437918	Grace Capital 13-2934061
Miscellaneous Retained Earnings-Appropriated	0	0	0	0	0	0
Totals	0	0	0	0	0	0

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**For Year Ended 12/31/2001**

Form 1120 US Corporation Income Tax Return  
Schedule L, Line 24-Appropriated R/E (Ending)

Item Description	Gloucester New 13-2728098	Creative Food 58-1505881	PAR COOP 22-2341175	Grace A-B 22-2355544	Homco Inter 74-1614655	GPC Thomasville 65-0382355
Miscellaneous Retained Earnings-Appropriated	0	0	0	0	0	0
Totals	0	0	0	0	0	0

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Schedule L, Line 24-Appropriated R/E (Ending)

Item Description	Ventures 13-3102623	Grace Energy 11-2516702	GEC Management 75-2283780	Grace Chemicals 13-3614662	Darex Puerto 13-2830236	Offshore 72-0502652
Miscellaneous Retained Earnings-Appropriated	0	0	0	0	0	0
Totals	0	0	0	0	0	0

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Form 1120 US Corporation Income Tax Return  
Schedule L, Line 24--Appropriated R/E (Ending)

Item Description	Coalgrace 13-293063	Grace A-B II 58-1969353	Grace H-G II 58-1969354	Coalgbrace II 58-1969355	Gracoal II 34-1103784	Gracoal 75-1511800
Miscellaneous Retained Earnings-Appropriated	0	0	0	0	0	0
<b>Totals</b>	0	0	0	0	0	0

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Form 1120 US Corporation Income Tax Return  
Schedule L, Line 24--Appropriated R/E (Ending)

Item Description	Grace Drilling 73-091397	Grace Libya 13-6112816	Germany Hold 65-0739268	Conn 13-5114230
Miscellaneous Retained Earnings-Appropriated	0	0	0	-2,000
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,000</b>

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Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 4--Other Taxable Income

Item Description	Consolidated Total	Corporate Eliminations	Subtotal before Eliminations	GRACE 65-0773649	Ichiban 65-0773652
Foreign Dividends Gross-up (Section 78)	91,474	0	91,474	0	0
Gain/Loss on Disposition of Assets	2,388,167	0	2,388,167	0	0
Deferred Income	496,000	0	496,000	0	0
Partnership Income	20,402,755	0	20,402,755	0	0
Foreign Dividends	561,829	0	561,829	0	0
481 Adjustment for Inventory	2,222,000	0	2,222,000	0	0
Sale of inventory - Land	1,211,107	0	1,211,107	0	0
<b>Totals</b>	<b>27,373,332</b>	<b>0</b>	<b>27,373,332</b>	<b>0</b>	<b>0</b>

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Schedule M-1, Line 4--Other Taxable Income**

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Schedule M-1, Line 4--Other Taxable Income

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Item Description	CCHP, Inc 13-3613597	MRA Holding 65-0546677	MRA Intermedco 65-0180823	MRA Staffing 65-0180825	1096784ASIA 65-0422490	Dubai 65-0456165
Foreign Dividends Gross-up (Section 78)	0	0	0	0	0	0
Gain/Loss on Disposition of Assets	0	0	0	0	0	0
Deferred Income	0	0	0	0	0	0
Partnership Income	7,390,014	0	0	0	4,156,883	0
Foreign Dividends	0	0	0	0	0	0
481 Adjustment for Inventory	0	0	0	0	0	0
Sale of Inventory - Land	0	0	0	0	0	0
<b>Totals</b>	<b>7,390,014</b>	<b>0</b>	<b>0</b>	<b>4,156,883</b>	<b>0</b>	<b>0</b>

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Item Description	CB Biomedical 65-0679166	Amicon 04-3137963	Washington 22-2941320	Grace Environ 13-3546067	Separation 95-2806431	Art Management 52-2290300
Foreign Dividends Gross-up (Section 78)	0	0	0	0	0	0
Gain/Loss on Disposition of Assets	0	0	0	0	6,561	0
Deferred Income	0	0	0	0	0	0
Partnership Income	0	0	0	0	0	3,678
Foreign Dividends	0	0	0	0	0	0
481 Adjustment for Inventory	0	0	0	0	0	0
Sale of Inventory - Land	0	0	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,561</b>	<b>3,678</b>

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Schedule M-1, Line 4--Other Taxable Income

Item Description	A-1 Bitetool 22-2974435	Tarpon Invest 65-0344213	G C LTD 65-0344211	Monolith 52-0913918	Grace Culinary 52-1309187	Grace Hotel 13-3564911
Foreign Dividends Gross-up (Section 78)	0	0	0	0	0	0
Gain/Loss on Disposition of Assets	0	0	0	0	0	0
Deferred Income	0	0	-6,441	0	0	0
Partnership Income	0	0	0	0	0	0
Foreign Dividends	0	0	0	0	0	0
481 Adjustment for Inventory	0	0	0	0	0	0
Sale of inventory - Land	0	0	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>-6,441</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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Schedule M-1, Line 4--Other Taxable Income

Item Description	Gloucester New 13-2728098	Creative Food 58-1505881	PAR Corp 22-2341175	Grace A-B 22-2355544	Homco Inter 74-1614655	GPC Thomasville 65-0382355
Foreign Dividends Gross-up (Section 78)	0	0	0	0	0	0
Gain/Loss on Disposition of Assets	0	0	0	0	0	0
Deferred Income	0	0	0	0	0	0
Partnership Income	0	0	0	0	0	0
Foreign Dividends	0	0	0	0	0	0
481 Adjustment for Inventory	0	0	0	0	0	0
Sale of Inventory - Land	1,211,107	0	0	0	0	0
Totals	1,211,107	0	0	0	0	0

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Item Description	Coalgrace 13-2934063	Grace A-B II 58-1963353	Grace H-G II 58-1969354	Coalgbrace II 58-1969355	Coalgbrace II 34-1103784	Gracoal II 75-1511800
Foreign Dividends Gross-up (Section 78)	0	0	0	0	0	0
Gain/Loss on Disposition of Assets	0	0	0	0	0	0
Deferred Income	0	0	0	0	0	0
Partnership Income	0	0	0	0	0	0
Foreign Dividends	0	0	0	0	0	0
481 Adjustment for Inventory	0	0	0	0	0	0
Sale of inventory - Land	0	0	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,566,407</b>	<b>2,566,406</b>

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Item Description	Grace Drilling 73-091397	Grace Libya 13-6112816	Germany Hold 65-0793268	Conn 13-5114230
Foreign Dividends Gross-up (Section 78)	0	0	0	91,474
Gain/Loss on Disposition of Assets	0	0	0	2,381,606
Deferred Income	0	0	0	496,000
Partnership Income	0	0	0	3,725,808
Foreign Dividends	0	0	0	561,829
481 Adjustment for Inventory	0	0	0	2,222,000
Sale of inventory - Land	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,478,717</b>

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Schedule M-1, Line 5--Other Book Expense

Item Description	Consolidated Total	Corporate Eliminations	Subtotal before Eliminations	GRACE 65-0773649	Ichiban 65-0773652
Foreign Taxes	1,425,561	0	1,425,561	0	0
Accrued LiP Expenses	2,203,103	0	2,203,103	0	0
Other Non Deductible Expenses	73,889	0	73,889	0	0
Accrued Salaries and Wages	-2,332,974	0	-2,332,974	0	0
R&D Expenses Capitalized	1,852,665	0	1,852,665	0	0
Section 263A Capitalization	1,232,000	0	1,232,000	0	0
Other Accrued Expenses	210,365	0	210,365	0	0
Bad Debts	-321,450	0	-321,450	0	0
Amortization	2,659,538	0	2,659,538	0	0
Lobbying Costs	695,693	0	695,693	0	0
Asbestos Reserves	-63,495,522	0	-63,495,522	0	0
Inventory Reserve	50,224	0	50,224	0	0
Dupont Interest Expense	1,683,299	0	1,683,299	0	0
Insurance Reserve	61,464	0	61,464	0	0
Executive Compensation	1,344,798	0	1,344,798	0	0
Chapter 11 Reorganization Expenses	11,547,400	0	11,547,400	0	0
State Income taxes	3,188,436	0	3,188,436	573,021	0
Totals	-37,921,511	0	-37,921,511	573,021	0

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Schedule M-1, Line 5--Other Book Expense

Item Description	Receivables 58-2430942	Remedium 22-2312556	Alewife Land 22-2603359	Alewife Boston 22-2603361	Five Alewife 22-3003981	GN Holdings 13-3613599
Foreign Taxes	0	0	0	0	0	0
Accrued LTRP Expenses	0	0	0	0	0	0
Other Non Deductible Expenses	0	0	0	0	0	0
Accrued Salaries and Wages	0	0	0	0	0	0
R&D Expenses Capitalized	0	0	0	0	0	0
Section 263A Capitalization	0	0	0	0	0	0
Other Accrued Expenses	0	0	0	0	0	0
Bad Debts	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Lobbying Costs	0	0	0	0	0	0
Asbestos Reserves	0	0	0	0	0	0
Inventory Reserve	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Executive Compensation	0	0	0	0	0	0
Chapter 11 Reorganization Expenses	0	0	0	0	0	0
State Income taxes	0	0	0	0	0	0
<b>Totals</b>	<b>-1,599,385</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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Item Description	CCHP, Inc 13-3613597	MRA Holding 65-0546677	MRA Intermedco 65-0180823	MRA Staffing 65-0180825	1094784ASIA 65-0422490	Dubai 65-0456165
Foreign Taxes	0	0	0	0	-26,712	0
Accrued LTIP Expenses	0	0	0	0	0	0
Other Non Deductible Expenses	0	0	0	0	0	0
Accrued Salaries and Wages	0	0	0	0	0	0
R&D Expenses Capitalized	0	0	0	0	0	0
Section 263A Capitalization	0	0	0	0	0	0
Other Accrued Expenses	0	0	0	0	0	0
Bad Debts	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Lobbying Costs	0	0	0	0	0	0
Asbestos Reserves	0	0	0	0	0	0
Inventory Reserve	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Executive Compensation	0	0	0	0	0	0
Chapter 11 Reorganization Expenses	0	0	0	0	0	0
State Income taxes	0	0	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-26,712</b>	<b>0</b>

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Item Description	CB Biomedical 65-0679166	Amicon 04-3137963	Washington 22-2941320	Grace Environ 13-3546067	Separation 95-2806431	Art Management 52-2290300
Foreign Taxes	0	0	0	0	0	0
Accrued LTIP Expenses	0	0	0	0	0	0
Other Non Deductible Expenses	0	0	0	0	0	0
Accrued Salaries and Wages	0	0	0	0	0	0
R&D Expenses Capitalized	0	0	0	0	0	0
Section 263A Capitalization	0	0	0	0	0	0
Other Accrued Expenses	0	0	0	0	0	0
Bad Debts	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Lobbying Costs	0	0	0	0	0	0
Asbestos Reserves	0	0	0	0	0	0
Inventory Reserve	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Executive Compensation	0	0	0	0	0	0
Chapter 11 Reorganization Expenses	0	0	0	0	0	0
State Income taxes	0	0	0	0	0	0
<b>Totals</b>	0	695,693	-14,258	584,678		

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Item Description	Grace Cuba 36-6110408	Collections 65-0419649	Litigation Mgt 65-0537976	Southern Oil 59-0967853	Guanica 65-0504444	405,407,409,702 13-2671485
Foreign Taxes	0	0	0	0	0	0
Accrued ITIP Expenses	0	0	0	0	0	0
Other Non Deductible Expenses	0	0	0	0	0	0
Accrued Salaries and Wages	0	0	0	0	0	0
R&D Expenses Capitalized	0	0	0	0	0	0
Section 263A Capitalization	0	0	0	0	0	0
Other Accrued Expenses	0	0	0	0	0	0
Bad Debts	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Lobbying Costs	0	0	0	0	0	0
Asbestos Reserves	0	0	0	0	0	0
Inventory Reserve	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Executive Compensation	0	0	0	0	0	0
Chapter 11 Reorganization Expenses	0	0	0	0	0	0
State Income taxes	0	0	0	0	0	0
Totals	0	0	0	0	0	0

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 Schedule M-1, Line 5--Other Book Expense

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Item Description	A-1 BitsTool 22-2974435	Tarpon Invest 65-0344213	G C LTD 65-0344211	Monolith 52-0913918	Grace Culinary 52-1309187	Grace Hotel 13-3584911
Foreign Taxes	0	0	0	0	0	0
Accrued LTIP Expenses	0	0	0	0	0	0
Other Non Deductible Expenses	0	0	0	0	0	0
Accrued Salaries and Wages	0	0	0	0	0	0
R&D Expenses Capitalized	0	0	0	0	0	0
Section 263A Capitalization	0	0	0	0	0	0
Other Accrued Expenses	0	0	0	0	0	0
Bad Dabs	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Lobbying Costs	0	0	0	0	0	0
Asbestos Reserves	0	0	0	0	0	0
Inventory Reserve	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Executive Compensation	0	0	0	0	0	0
Chapter 11 Reorganization Expenses	0	0	0	0	0	0
State Income taxes	0	0	0	0	0	0
Totals	0	0	0	0	0	0

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Schedule M-1, Line 5--Other Book Expense

Item Description	Monroe Street 65-0351861	Mgmt Services 65-0391048	LB Realty 65-0378942	Grace H-G Inc. 13-3041784	Hanover 13-611217	Ecarg 22-2065245
Foreign Taxes	0	0	0	0	0	0
Accrued LRIP Expenses	0	0	0	0	0	0
Other Non Deductible Expenses	0	0	0	0	0	0
Accrued Salaries and Wages	0	0	0	0	0	0
R&D Expenses Capitalized	0	0	0	0	0	0
Section 263A Capitalization	0	0	0	0	0	0
Other Accrued Expenses	0	0	0	0	0	0
Bad Debts	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Lobbying Costs	0	0	0	0	0	0
Asbestos Reserves	0	0	0	0	0	0
Inventory Reserve	0	0	0	0	0	0
DuPont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Executive Compensation	0	0	0	0	0	0
Chapter 11 Reorganization Expenses	0	0	0	0	0	0
State Income taxes	0	0	0	0	0	0
Totals	0	0	0	0	0	0

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U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 5--Other Book Expense

Item Description	W.R. Land 13-2677646	G C Management 65-0355942	Grace Interna 65-0609540	Water Street 13-6152056	Del Taco 75-1437918	Grace Capital 13-2934061
Foreign Taxes	0	0	0	501,298	0	0
Accrued LTIP Expenses	0	0	0	0	0	0
Other Non Deductible Expenses	0	0	0	0	0	0
Accrued Salaries and Wages	0	0	0	0	0	0
R&D Expenses Capitalized	0	0	0	0	0	0
Section 263A Capitalization	0	0	0	0	0	0
Other Accrued Expenses	0	0	0	0	0	0
Bad Debts	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Lobbying Costs	0	0	0	0	0	0
Asbestos Reserves	0	0	0	0	0	0
Inventory Reserve	0	0	0	0	0	0
DuPont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Executive Compensation	0	0	0	0	0	0
Chapter 11 Reorganization Expenses	0	0	0	0	0	0
State Income taxes	0	0	0	0	0	0
Totals	0	0	0	501,298	0	0

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 5--Other Book Expense

Item Description	Gloucester New 13-2728098	Creative Food 58-1505881	PAR Corp 22-2341175	Grace A-B 22-2555544	Homco Inter 74-1614655	GPC Thomasville 65-0382355
Foreign Taxes	0	0	0	0	0	0
Accrued LTIP Expenses	0	0	0	0	0	0
Other Non Deductible Expenses	0	0	0	0	0	0
Accrued Salaries and Wages	0	0	0	0	0	0
R&D Expenses Capitalized	0	0	0	0	0	0
Section 263A Capitalization	0	0	0	0	0	0
Other Accrued Expenses	0	0	0	0	0	0
Bad Debts	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Lobbying Costs	0	0	0	0	0	0
Asbestos Reserves	0	0	0	0	0	0
Inventory Reserve	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Executive Compensation	0	0	0	0	0	0
Chapter 11 Reorganization Expenses	0	0	0	0	0	0
State Income taxes	0	0	0	0	0	0
Totals	0	0	0	0	0	0

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W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 5--Other Book Expense

Item Description	Ventures 13-3102623	Grace Energy 11-2516702	GEC Management 75-2283780	Grace Chemicals 13-3614662	Darex Puerto 13-2830236	Offshore 72-0502652
Foreign Taxes	0	0	0	0	0	0
Accrued LRIP Expenses	0	0	0	0	0	0
Other Non Deductible Expenses	0	0	0	0	0	0
Accrued Salaries and Wages	0	0	0	0	0	0
R&D Expenses Capitalized	0	0	0	0	0	0
Section 263A Capitalization	0	0	0	0	0	0
Other Accrued Expenses	0	0	0	0	0	0
Bad Debts	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Lobbying Costs	0	0	0	0	0	0
Asbestos Reserves	0	0	0	0	0	0
Inventory Reserve	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Executive Compensation	0	0	0	0	0	0
Chapter 11 Reorganization Expenses	0	0	0	0	0	0
State Income taxes	0	0	0	0	0	0
Totals	0	0	0	0	0	0



Statement 29

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 5--Other Book Expense

Item Description	Grace Drilling 73-0971397	Grace Libya 13-6112816	Germany Hold 65-0799268	Conn 13-5114230
Foreign Taxes	0	0	0	950,975
Accrued LTIP Expenses	0	0	0	2,203,103
Other Non Deductible Expenses	0	0	0	73,889
Accrued Salaries and Wages	0	0	0	-2,332,974
REO Expenses Capitalized	0	0	0	1,152,665
Section 263A Capitalization	0	0	0	1,232,000
Other Accrued Expenses	0	0	0	210,365
Bad Debts	0	0	0	1,277,991
Amortization	0	0	0	2,285,660
Lobbying Costs	0	0	0	0
Asbestos Reserves	0	0	0	-63,495,522
Inventory Reserve	0	0	0	-26,578
Dupont Interest Expense	0	0	0	1,683,299
Insurance Reserve	0	0	0	61,464
Executive Compensation	0	0	0	1,344,798
Chapter 11 Reorganization Expenses	0	0	0	11,547,400
State Income taxes	0	0	0	2,495,619
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-38,535,846</b>

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W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 7--Other Book Income

Item Description	Consolidated Total	Corporate Eliminations	Subtotal before Eliminations	GRACE 65-0773649	Ichiban 65-0773652
Equity Pickup of Subsidiary	349,123	0	349,123	0	0
Branch Income	1,460,433	0	1,460,433	0	0
Gain/Loss on Disposition of Assets	6,025,241	0	6,025,241	0	0
Equity Pickup in Partnership	3,111,017	0	3,111,017	0	0
COLI INCOME	5,475,308	0	5,475,308	0	0
ROYALTY INCOME	11,573,481	0	11,573,481	0	0
Miscellaneous Inc Rec On Bks Not Inc Ret-Other	-532,150	0	-532,150	0	0
<b>Totals</b>	<b>27,462,453</b>	<b>0</b>	<b>27,462,453</b>	<b>0</b>	<b>0</b>

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W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1: Line 7--Other Book Income

Statement 30

**W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001**

**Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 7--Other Book Income**

Statement 30

**W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001**

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 7--Other Book Income

Statement 30

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1 Line 7--Other Book Income

Statement 30

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 7--Other Book Income

Item Description	A-1 Bittner	Tarpon Invest	G C LTD	Monolith	Grace Culinary	Grace Hotel
	22-2974435	65-0344213	65-0344211	52-0913918	52-1309187	13-3584911
Equity Pickup of Subsidiary	0	0	0	0	0	0
Branch Income	0	0	0	0	0	0
Gain/Loss on Disposition of Assets	0	0	0	0	0	0
Equity Pickup in Partnership	0	0	0	0	0	0
COLI INCOME	0	0	0	0	0	0
ROYALTY INCOME	0	0	0	0	0	0
Miscellaneous Inc Rec On Bks Not Inc Ret-Other	0	0	0	0	0	0
Totals	0	0	0	0	0	0

Statement 30

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 7--Other Book Income

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**W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001**

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 7--Other Book Income

Statement 30

**W.R. GRACE & CO., & Subsidiaries**  
**U.S. Corporation Income Tax Return**  
**For Year Ended 12/31/2001**

**Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 7--Other Book Income**

### Statement 30

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 7--Other Book Income

Statement 30

**W.R. GRACE & CO., & Subsidiaries**  
**U.S. Corporation Income Tax Return**  
**For Year Ended 12/31/2001**

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 7--Other Book Income

Statement 30

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 7--Other Book Income

Item Description	Grace Drilling 73-0971397	Grace Libya 13-6112816	Germany Hold 65-079268	Conn 13-5114230
Equity Pickup of Subsidiary	0	0	0	349,123
Branch Income	0	0	0	1,460,433
Gain/Loss on Disposition of Assets	0	0	0	6,025,241
Equity Pickup in Partnership	0	0	0	3,111,017
COLI INCOME	0	0	0	5,475,308
ROYALTY INCOME	0	0	0	11,573,481
Miscellaneous Inc Rec On Bks Not Inc Ret-Other	0	0	0	-532,150
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,462,453</b>

Statement 31

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 8--Other Tax Expense

Item Description	Consolidated Total	Corporate Eliminations	Subtotal before Eliminations	GRACE 65-0773649	Ichiban 65-0773652
State Taxes	-657,257	0	-657,257	0	0
Divestment Reserve	-2,359,449	0	-2,359,449	0	0
Accrued Pension Expenses	12,368,859	0	12,368,859	0	0
Accrued LTIP Expenses	280,010	0	280,010	0	0
Restructuring Charges	1,990,344	0	1,990,344	0	0
COLI Expenses	282,889	0	282,889	0	0
Miscellaneous Expenses	-13,937	0	-13,937	0	0
Deferred Compensation Expenses	13,664,983	0	13,664,983	0	0
Accrued OPEB	19,913,223	0	19,913,223	0	0
Environmental Expenses	21,794,632	0	21,794,632	0	0
Inventory Absorption	66,456	0	66,456	0	0
Amortization	3,499,361	0	3,499,361	0	0
Unrealized Transaction-Foreign G/L	439,075	0	439,075	0	0
Dupont Interest Expense	144,255	0	144,255	0	0
Insurance Reserve	66,504	0	66,504	0	0
Percentage Depletion	468,325	0	468,325	0	0
<b>Totals</b>	<b>71,948,273</b>	<b>0</b>	<b>71,948,273</b>	<b>0</b>	<b>0</b>

Statement 31

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 8--Other Tax Expense

Item Description	Receivables 58-2430942	Ramedium 22-2312556	Alewife Land 22-2603359	Alewife Boston 22-2603361	Five Alewife 22-3003981	GN Holdings 13-3613599
State Taxes	0	0	0	0	0	0
Divestment Reserve	0	0	0	0	0	0
Accrued Pension Expenses	0	0	0	0	0	0
Accrued LTIP Expenses	0	0	0	0	0	0
Restructuring Charges	0	0	0	0	0	0
COLI Expenses	0	0	0	0	0	0
Miscellaneous Expenses	51,812	0	0	0	0	0
Deferred Compensation Expenses	0	0	0	0	0	0
Accrued OPEB	0	0	0	0	0	0
Environmental Expenses	0	5,581,857	0	0	0	0
Inventory Absorption	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Unrealized Transaction-Foreign G/L	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Percentage Depletion	0	0	0	0	0	0
<b>Totals</b>	<b>51,812</b>	<b>5,581,857</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Statement 31

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 8--Other Tax Expense

Item Description	CCHP, Inc 13-3613597	MRA Holding 65-0546677	MRA Intermedco 65-0180823	MRA Staffing 65-0180825	1096784ASIA 65-0422490	Dubai 65-0456155
State Taxes	0	0	0	0	0	0
Divestment Reserve	0	0	0	0	0	0
Accrued Pension Expenses	0	0	0	0	0	0
Accrued LTIP Expenses	0	0	0	0	0	0
Restructuring Charges	0	0	0	0	0	0
CONI Expenses	0	0	0	0	0	0
Miscellaneous Expenses	0	0	0	0	0	0
Deferred Compensation Expenses	0	0	0	0	0	0
Accrued OPEB	0	0	0	0	0	0
Environmental Expenses	0	0	0	0	0	0
Inventory Absorption	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Unrealized Transaction-Foreign G/L	0	0	0	0	0	0
DuPont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Percentage Depletion	0	0	0	0	0	0
<b>Totals</b>					<b>196</b>	

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W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 8--Other Tax Expenses

Item Description	CB Biomedical 65-0679166	Amicon 04-3137963	Washington 22-2941320	Grace Environ 13-3546057	Separation 95-2306431	Art Management 52-2290300
State Taxes	0	0	0	0	0	0
Divestment Reserve	0	0	0	0	0	0
Accrued Pension Expenses	0	0	0	0	0	0
Accrued LTIP Expenses	0	0	0	0	0	0
Restructuring Charges	0	0	0	0	0	0
COLI Expenses	0	0	0	0	0	0
Miscellaneous Expenses	298,370	0	0	0	0	0
Deferred Compensation Expenses	0	0	0	0	0	0
Accrued OPEB	0	0	0	0	0	0
Environmental Expenses	0	0	0	0	0	0
Inventory Absorption	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Unrealized Transaction-Foreign G/L	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Percentage Depletion	0	0	0	0	0	0
<b>Totals</b>	<b>298,370</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 8--Other Tax Expense

Item Description	Grace Cuba 36-6110408	Collections 65-0419649	Litigation Mgt 65-0537976	Southern Oil 59-0967853	Guanica 65-0504444	
State Taxes	0	0	0	0	0	0
Divestment Reserve	0	0	0	0	0	1,393
Accrued Pension Expenses	0	0	0	0	0	0
Accrued LTIP Expenses	0	0	0	0	0	0
Restructuring Charges	0	0	0	0	0	0
COII Expenses	0	0	0	0	0	109,030
Miscellaneous Expenses	0	0	0	0	0	0
Deferred Compensation Expenses	0	0	0	0	0	0
Accrued OPEB	0	0	0	0	0	0
Environmental Expenses	0	0	0	0	0	0
Inventory Absorption	0	0	0	0	0	0
Amortization	0	0	0	0	0	472,874
Unrealized Transaction-Foreign G/L	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Percentage Depletion	0	0	0	0	0	0
Totals	0	0	0	0	0	583,297

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W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 8--Other Tax Expenses

Item Description	A-1 BitsTool 22-2974435	Tarpon Invest 65-0344213	G C LTD 65-0344211	Monolith 52-0913918	Grace Culinary 52-1309187	Grace Hotel 13-3584911
State Taxes	0	0	0	0	0	0
Divestment Reserve	0	0	0	0	0	0
Accrued Pension Expenses	0	0	0	0	0	0
Accrued LTIP Expenses	0	0	0	0	0	0
Restructuring Charges	0	0	0	0	0	0
COLI Expenses	0	0	0	0	0	0
Miscellaneous Expenses	0	0	0	0	0	0
Deferred Compensation Expenses	0	0	0	0	0	0
Accrued OPEB	0	0	0	0	0	0
Environmental Expenses	0	0	0	0	0	0
Inventory Absorption	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Unrealized Transaction-Foreign G/L	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Percentage Depletion	0	0	0	0	0	0
Totals	0	0	0	0	0	0

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W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 8--Other Tax Expense

Item Description	Monroe Street 65-0351861	Mgmt Services 65-0391048	LB Realty 65-0378942	Grace H-G Inc. 13-3041784	Hanover 13-6112817	Ecarg 22-2065245
State Taxes	0	0	0	0	0	0
Divestment Reserve	0	-117,128	0	0	0	0
Accrued Pension Expenses	0	0	0	0	0	0
Accrued LTIP Expenses	0	0	0	0	0	0
Restructuring Charges	0	0	0	0	0	0
COLI Expenses	0	0	0	0	0	0
Miscellaneous Expenses	0	0	0	0	0	0
Deferred Compensation Expenses	0	0	0	0	0	0
Accrued OPEB	0	0	0	0	0	0
Environmental Expenses	0	0	0	0	0	0
Inventory Absorption	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Unrealized Transaction-Foreign G/L	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Percentage Depletion	0	0	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>-117,128</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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W.R. GRACE & CO. & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 8--Other Tax Expense

Item Description	W.R. Land 13-2677646	G C Management 65-0355942	Grace Interna 65-0609540	Water Street 13-6152056	Del Taco 75-1437938	Grace Capital 13-2934061
State Taxes	0	0	0	0	0	0
Divestment Reserve	0	0	0	0	0	0
Accrued Pension Expenses	0	0	0	0	0	0
Accrued LTIP Expenses	0	0	0	0	0	0
Restructuring Charges	0	0	0	0	0	0
COLI Expenses	0	0	0	0	0	0
Miscellaneous Expenses	0	0	0	0	0	0
Deferred Compensation Expenses	0	0	0	0	0	0
Accrued OPEB	0	0	0	0	0	0
Environmental Expenses	0	0	0	0	0	0
Inventory Absorption	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Unrealized Transaction-Foreign G/L	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Percentage Depletion	0	0	0	0	0	0
Totals	0	0	0	0	0	0

Statement 31

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 9--Other Tax Expense

Item Description	Gloucester New 13-2728098	Creative Food 58-1505881	PAR CORP 22-2341175	Grace A-B 22-2355544	Homco Inter 74-1614655	GPC Thomasville 65-0382355
State Taxes	0	0	0	0	0	0
Divestment Reserve	0	0	0	0	0	0
Accrued Pension Expenses	0	0	0	0	0	0
Accrued LTIP Expenses	0	0	0	0	0	0
Restructuring Charges	0	0	0	0	0	0
COLI Expenses	0	0	0	0	0	0
Miscellaneous Expenses	0	0	0	0	0	0
Deferred Compensation Expenses	0	0	0	0	0	0
Accrued OPEB	0	0	0	0	0	0
Environmental Expenses	0	0	0	0	0	0
Inventory Absorption	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Unrealized Transaction-Foreign G/L	0	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Percentage Depletion	0	0	0	0	0	0
Totals	0	0	0	0	0	0

Statement 31

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 8--Other Tax Expenses

Item Description	Ventures 13-3102623	Grace Energy 11-2516702	GEC Management 75-2283780	Grace Chemicals 13-3614662	Darex Puerto 13-2830236	Offshore 72-0502652
State Taxes	0	0	0	0	0	0
Divestment Reserve	0	0	0	0	0	0
Accrued Pension Expenses	0	0	0	0	0	0
Accrued LRIP Expenses	0	0	0	0	0	0
Restructuring Charges	0	0	0	0	0	0
COI Expenses	0	0	0	0	0	0
Miscellaneous Expenses	0	0	0	0	0	0
Deferred Compensation Expenses	0	0	0	0	0	0
Accrued OPEB	0	0	0	0	0	0
Environmental Expenses	0	0	0	0	0	0
Inventory Absorption	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Unrealized Transaction-Foreign G/L	0	0	0	0	0	0
DuPont Interest Expense	0	0	0	0	0	0
Insurance Reserve	0	0	0	0	0	0
Percentage Depletion	0	0	0	0	0	0
Totals	0	0	0	0	0	0

Statement 31

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 8--Other Tax Expenses

Item Description	Coalgrace 13-2934063	Grace A-B II 58-1969353	Grace H-G II 58-1969354	Coalgbrace II 34-1103784	Gracoal II 75-1511800
State Taxes	0	0	0	0	0
Divestment Reserve	0	0	0	0	0
Accrued Pension Expenses	0	0	0	0	0
Accrued LTIP Expenses	0	0	0	0	0
Restructuring Charges	0	0	0	0	0
COLI Expenses	0	0	0	0	0
Miscellaneous Expenses	0	0	0	0	0
Deferred Compensation Expenses	0	0	0	0	0
Accrued OPEB	0	0	0	0	0
Environmental Expenses	0	0	0	0	0
Inventory Absorption	0	0	0	0	0
Amortization	0	0	0	0	0
Unrealized Transaction-Foreign G/L	0	0	0	0	0
Dupont Interest Expense	0	0	0	0	0
Insurance Reserve	0	0	0	0	0
Percentage Depletion	0	0	0	0	0
Totals	0	0	0	0	0

Statement 31

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-1, Line 8--Other Tax Expense

Item Description	Grace Drilling 73-0971397	Grace Libya 13-6112816	Germany Hold 65-0799268	Conn 13-5114230
State Taxes	0	0	0	-657,257
Divestment Reserve	0	0	0	-2,243,714
Accrued Pension Expenses	0	0	0	12,368,859
Accrued LTRP Expenses	0	0	0	280,010
Restructuring Charges	0	0	0	1,990,344
COLI Expenses	0	0	0	282,889
Miscellaneous Expenses	0	0	0	-473,149
Deferred Compensation Expenses	0	0	0	13,664,983
Accrued OPEB	0	0	0	19,913,223
Environmental Expenses	0	0	0	16,212,775
Inventory Absorption	0	0	0	66,456
Amortization	0	0	0	3,499,361
Unrealized Transaction-Foreign G/L	0	0	0	-33,995
Dupont Interest Expense	0	0	0	144,255
Insurance Reserve	0	0	0	66,504
Percentage Depletion	0	0	0	468,325
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>65,549,869</b>

Statement 32

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-2, Line 3--Other Increases

Item Description	Consolidated Total	Corporate Eliminations	Subtotal before Eliminations	GRACE 65-0773649	Ichiban 65-0773652
Currency Translation	-77,465,427	0	-77,465,427	0	0
Comprehensive Income/Loss	-124,640,407	0	-124,640,407	0	0
Transfer of R.E.	83,077,403	0	83,077,403	0	0
Miscellaneous Other Increases	-60,873,324	0	-60,873,324	0	0
<b>Totals</b>	<b>-179,901,755</b>	<b>0</b>	<b>-179,901,755</b>	<b>0</b>	<b>0</b>

Statement 32

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-2, Line 3--Other Increases

Item Description	Receivables 58-243942	Remedium 22-2312556	Alewife Land 22-2603359	Alewife Boston 22-2603361	Five Alewife 22-3003981	GR Holdings 13-3613599
Currency Translation	0	0	0	0	0	0
Comprehensive Income/Loss	0	0	0	0	0	0
Transfer of R.E.	0	45,658	0	0	0	0
Miscellaneous Other Increases	0	0	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>45,658</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Statement 32

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-2, Line 3--Other Increases

Item Description	CCHP, Inc 13-3613597	MRA Holding 65-0546677	MRA Intermedco 65-0188823	MRA Staffing 65-0180825	109678ASIA 65-0422490	Dubai 65-0456165
Currency Translation	0	0	0	0	0	-216
Comprehensive Income/Loss	0	0	0	0	0	0
Transfer of R.E.	0	0	0	0	0	0
Miscellaneous Other Increases	0	0	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-216</b>	<b>0</b>

Statement 32

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-2, Line 3--Other Increases

Item Description	CB Biomedical 65-0679166	Amicon 04-3137963	Washington 22-2941320	Grace Environ 13-3546057	Separation 95-2806431	Art Management 52-2290300
Currency Translation	0	0	0	0	0	0
Comprehensive Income/Loss	0	0	0	0	-40,407	0
Transfer of R.E.	0	0	0	0	0	0
Miscellaneous Other Increases	0	0	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-40,407</b>	<b>0</b>

Statement 32

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-2. Line 3--Other Increases

Statement 32

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-2, Line 3--Other Increases

Statement 32

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-2, Line 3--Other Increases

Item Description	Monroe Street 65-0351861	Mgmt Services 65-0391048	LB Realty 65-0378942	Grace H-G Inc. 13-3041784	Hanover 13-6112817	Ecarg 22-2065245
Currency Translation	0	0	0	0	0	0
Comprehensive Income/Loss	0	0	0	0	0	0
Transfer of R.E.	0	0	0	0	0	0
Miscellaneous Other Increases	0	203,289	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>203,289</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Form 1120 US Corporation Income Tax Return  
Schedule M-2, Line 3--Other Increases

Statement 32

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Item Description	W.R. Land 13-2677646	G C Management 65-0355942	Grace Interna 65-0609540	Water Street 13-6152056	Del Taco 75-1437918	Grace Capital 13-2934061
Currency Translation	0	0	-18,183,017	0	0	0
Comprehensive Income/Loss	0	0	0	0	0	0
Transfer of R.E.	0	0	0	0	0	0
Miscellaneous Other Increases	0	0	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>-18,183,017</b>	<b>0</b>	<b>0</b>	<b>0</b>

Statement 32

**W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001**

**Form 1120 US Corporation Income Tax Return  
Schedule M-2, Line 3--Other Increases**

Statement 32

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

**Form 1120 US Corporation Income Tax Return  
Schedule M-2, Line 3--Other Increases**

Statement 32.

**W.R. GRACE & CO., & Subsidiaries**  
**U.S. Corporation Income Tax Return**  
**For Year Ended 12/31/2001**

**Form 1120 US Corporation Income Tax Return  
Schedule M-2, Line 3--Other Increases**

Statement 32

W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Schedule M-2, Line 3--Other Increases

Item Description	Grace Drilling 73-0971397	Grace Libya 13-6112816	Germany Hold 65-0799268	Conn 13-5114230
Currency Translation	0	0	0	-59,333,017
Comprehensive Income/Loss	0	0	0	-124,600,000
Transfer of R.E.	0	0	0	83,247,745
Miscellaneous Other Increases	0	0	0	-61,076,613
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-161,761,885</b>

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W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001pg 506  
EIN: 65-0773649Form 1120D Capital Gains and Losses  
Part II, Line 6--Long-Term Gains and Losses

Statement 33

Description of Property	Date Acquired	Date Sold	Gross Sales Price	Cost	Gain or Loss
CCHP, Inc 13-3613597					
STOCK	01/01/1999	01/01/2001	1,064,445		1,064,445
Total CCHP, Inc			1,064,445		1,064,445
MRA Staffing 65-0180825					
STOCK	01/01/1999	01/01/2001	598,750		598,750
Total MRA Staffing			598,750		598,750
Gracoal II 34-1103784					
Colowyo Coal Co LP	Various	Various	2,566,407		2,566,407
Total Gracoal II			2,566,407		2,566,407
Gracoal 75-1511800					
Colowyo Coal Co LP	01/01/1999	12/31/2001	2,566,406		2,566,406
Total Gracoal			2,566,406		2,566,406
Elimination					
Total			6,796,008		6,796,008

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W.R. GRACE & CO., & Subsidiaries  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001pg 507  
EIN: 65-0773649

Form 4797 Page 1

Part I, Line 2--Property Held More than 1 Year

Statement 34

Description of Property	Date Acquired	Date Sold	Gross sales Price	Depreciation	Cost	Gain/Loss
Conn 13-5114230						
Various	06/01/1989	06/01/2001	0	2,161,237	2,401,888	-240,651
INVENTORY	01/01/2000	03/23/2001	0	0	57,055	-57,055
VARIOUS	01/01/1990	06/01/2001	96,308	5,256,399	5,698,250	-345,543
Total Conn						-643,249
Elimination						0
Total						-643,249

W.R. GRACE & CO. AND SUBSIDIARIES  
CONSOLIDATED U.S CORPORATION INCOME TAX RETURN  
FOR THE TAX YEAR JANUARY 1, TO DECEMBER 31, 2001  
MISCELLANEOUS ELECTIONS

All corporations included in this return herewith make the following elections:  
(All references are to Sections in the Internal Revenue Code or Treasury Regulations)

**Organizational Expenses Election**

In accordance with Section 248(a), the taxpayer elects to capitalize and amortize expenses beginning with the month the company began business.

**Start Up Expenditure Election**

In accordance with Section 195(c), an election is hereby made to amortize business start up expenditures over a 60 month period beginning with the month in which the business began.

**Recurring Items Election**

In accordance with Section 461(h)(3), the recurring items exception is herein adopted for those accrual basis corporations that are filing their first return as part of this consolidated return or have items of income or deductions for the first time in 1999.

**Qualifying Dividends Election**

Pursuant to Section 243(b)(2), the W.R. Grace & Co. Affiliated Group hereby elects to exclude from taxable income all, "qualifying dividends" as defined under I.R.C 243(b)(1).

**"ACE LIFO" Election**

Pursuant to Section 1.56(g)-1(r), the W.R. Grace & Co. Affiliated Group hereby elects to use regular tax inventory amounts in computing pre adjustment AMTI and ACE, including the LIFO inventory adjustment of Reg. 1.56(g)-1(f)(3).

**High Tax Exception**

Pursuant to Section 1.954-1(d)(5), the W.R. Grace & Co. Affiliated Group hereby elects the high tax exception for purposes of determining whether income received by its controlled foreign corporations is includable under Subpart F.



OFFICER

**W.R. GRACE & CO. AND SUBSIDIARIES**

**E.I.N. 65-0773649**

**TAX YEAR ENDED DECEMBER 31, 2001**

**Statement Filed in Accordance with Treasury Regulation 1.382-2T(a)(2)(ii)**

The taxpayer is a loss corporation for the year ended December 31, 2001 as defined in Treasury Regulation 1.382-2(a)(1). The following information is provided in accordance with Treasury Regulation 1.382-2T(a)(2)(ii):

(A) Indicate whether any testing dates occurred: **NONE**

(B) Identify each testing date, if any, on which an ownership change occurred: **NONE**

(C) Testing dates occurring closest to March 31, June 30, September 30, and December 31: **NONE**

(D) Identify each five percent shareholder on testing dates: **N/A**

(E) Percentage ownership of stock of the taxpayer for each five percent shareholder  
As of each testing date and the increase in such ownership during the testing period: **N/A**

The taxpayer has relied on information as discussed in Treasury Regulation 1.382-2T(k), on a reasonable basis, in providing the above information.

W.R. GRACE & CO. AND SUBSIDIARIES  
CONSOLIDATED U.S. CORPORATION INCOME TAX RETURN  
FOR THE TAX YEAR JANUARY 1, TO DECEMBER 31, 2001

ELECTION TO ALLOCATE TAX LIABILITY UNDER  
Regs. Section 1.1502-33(D)

The Taxpayer hereby elects to allocate its federal tax liability in accordance with the method prescribed in  
Regs. Section 1.1552-1(a)(1).

In conjunction with the election, the Taxpayer further hereby elects to allocate its federal income tax  
liability utilizing the additional method prescribed in Regs. Section 1.1502-33(d)(3) (the percentage  
method) using 100% as the percentage to be used.

Statement Pursuant to Treasury Regulations § 1.367(a)-8(b)(5)

For

W. R. Grace & Co.

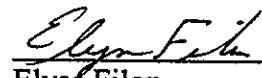
For the Year Ended December 31, 2001

EIN 65-0773649

Pursuant to Regulation § 1.367(a)-8(b)(5), the transferor (W. R. Grace & Co.-Conn.) hereby certifies that the transferee corporation (Grace Holding GmbH, formerly EAP Akustik GmbH) has not transferred or disposed of any or all of the assets transferred (100% of the issued and outstanding stock of Denac Nederland B.V.) on October 21, 1999, and reported on Form 926 (and the associated Gain Recognition Agreement), during the taxable year ending December 31, 1999. In addition, the transferors hereby certify that Denac Nederland B.V. has not disposed of substantially all of its assets during the taxable year ending December 31, 2001.

Penalties of Perjury Statement

Under penalties of perjury, the undersigned declares that the above, to the best of her knowledge and belief, is true, correct and complete.

  
\_\_\_\_\_  
Elyse Filon

Vice President

W. R. Grace & Co.

Date: September 13, 2002

Statement Pursuant to Treasury Regulations § 1.367(a)-8(b)(5)

For

W. R. Grace & Co.

For the Year Ended December 31, 2001

EIN 65-0773649

Pursuant to Regulation § 1.367(a)-8(b)(5), the transferor (W. R. Grace & Co.-Conn.; Grace International Holdings Inc.; and, Water Street Corporation) hereby certifies that the transferee corporation (Grace GmbH & Co. KG, formerly Grace GmbH) has not transferred or disposed of any or all of the assets transferred (99.91% of the issued and outstanding stock of Grace Brasil Ltda.) on December 29, 1998, and reported on Form 926 (and the associated Gain Recognition Agreement), during the taxable year ending December 31, 1998. In addition, the transferors hereby certify that Grace Brasil Ltda. has not disposed and substantially all of its assets during the taxable year ending December 31, 2001.

Penalties of Perjury Statement

Under penalties of perjury, the undersigned declares that the above, to the best of her knowledge and belief, is true, correct and complete.

  
Elyse Filon

Vice President

W. R. Grace & Co.

Date: September 13, 2002

Statement Pursuant to Treasury Regulations § 1.367(a)-8(b)(5)

For

W. R. Grace & Co.

For the Year Ended December 31, 2001

EIN 65-0773649

Pursuant to Regulation § 1.367(a)-8(b)(5), the transferor (W. R. Grace & Co.-Conn.) hereby certifies that the transferee corporation (Grace Holding GmbH, formerly EAP Akustik GmbH) has not transferred or disposed of any or all of the assets transferred (100% of the issued and outstanding stock of Grace Darex GmbH) on December 30, 1998, and reported on Form 926 (and the associated Gain Recognition Agreement), during the taxable year ending December 31, 1998. In addition, the transferors hereby certify that Grace Darex GmbH has not disposed and substantially all of its assets during the taxable year ending December 31, 2001.

Penalties of Perjury Statement

Under penalties of perjury, the undersigned declares that the above, to the best of her knowledge and belief, is true, correct and complete.

Elyse Filon  
Elyse Filon

Vice President

W. R. Grace & Co.

Date: September 13, 2002

Statement Pursuant to Treasury Regulations § 1.367(a)-8(b)(5)

For

W. R. Grace & Co.

For the Year Ended December 31, 2001

EIN 65-0773649

Pursuant to Regulation § 1.367(a)-8(b)(5), the transferor (W. R. Grace & Co.-Conn.) hereby certifies that the transferee corporation (Grace Holding GmbH, formerly EAP Akustik GmbH) has not transferred or disposed of any or all of the assets transferred (98.69% of the issued and outstanding stock of Grace GmbH & Co. KG, formerly Grace GmbH) on December 30, 1998, and reported on Form 926 (and the associated Gain Recognition Agreement), during the taxable year ending December 31, 1998. In addition, the transferors hereby certify that Grace GmbH & Co. KG has not disposed and substantially all of its assets during the taxable year ending December 31, 2001.

Penalties of Perjury Statement

Under penalties of perjury, the undersigned declares that the above, to the best of her knowledge and belief, is true, correct and complete.

Elyse Filon  
Elyse Filon

Vice President

W. R. Grace & Co.

Date: September 13, 2002

W.R. GRACE CO., & SUBSIDIARIES  
NON-SRLY NOL CARRYOVER SCHEDULES  
FEIN: 65-0773649  
12/31/2001

REGULAR TAX NOL

YEAR ENDING	AMOUNT GENERATED	AMOUNT UTILIZED	CONVERTED CONTRIBUTIONS	CARRYOVER
12/31/1999	138,040,864			138,040,864
12/31/2000	226,172,484			226,172,484
TOTAL	<u>364,213,348</u>			<u>364,213,348</u>

ALTERNATIVE MINIMUM TAX NOL

YEAR ENDING	AMOUNT GENERATED	AMOUNT UTILIZED	CONVERTED CONTRIBUTIONS	CARRYOVER
12/31/1999	105,394,241			105,394,241
12/31/2000	190,326,407			190,326,407
TOTAL	<u>295,720,648</u>			<u>295,720,648</u>

1120

Form  
Department of the Treasury  
Internal Revenue Service

## U.S. Corporation Income Tax Return

For calendar year 2001 or tax year beginning \_\_\_\_\_ ending \_\_\_\_\_  
► Instructions are separate. See Instructions for Paperwork Reduction Act Notice.

2001

## A Check if a:

1 Consolidated return  
(attach Form 851) 2 Personal holding co.  
(attach Sch. PH) 3 Personal service corp.  
(as defined in Temporary  
Regs. sec. 1.441-4T-  
see instructions) 

Use IRS label. Otherwise, print or type.	Name  W.R. GRACE & CO.-CONN. and DIVISIONS  Number, street, and room or suite no. (If a P.O. box, see instructions.)  5400 Broken Sound Blvd. Suite 300  City or town, state, and ZIP code  Boca Raton, FL 33487	B Employer identification number  13-5114230
	C Date incorporated  06/20/1899	
	D Total assets (see instructions)	

## E Check applicable boxes:

	(1) <input type="checkbox"/> Initial return	(2) <input type="checkbox"/> Final return	(3) <input type="checkbox"/> Name change	(4) <input type="checkbox"/> Address change	\$		
1 a Gross receipts or sales	1,021,196,077	b Less returns and allowances	34,826,751	c Bal ►	3,934,520,045		
2 Cost of goods sold (Schedule A, line 8)					986,369,326		
3 Gross profit. Subtract line 2 from line 1c					592,587,488		
4 Dividends (Schedule C, line 19)					393,781,838		
5 Interest					653,948		
6 Gross rents					2,079,220		
7 Gross royalties					2,242		
8 Capital gain net income (attach Schedule D (Form 1120))					9,348,473		
9 Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)					558,785		
10 Other income (see instructions - attach schedule)				See Stmt. 7	1,822,821		
11 Total income. Add lines 3 through 10					5,314,522		
12 Compensation of officers (Schedule E, line 4)					413,561,849		
13 Salaries and wages (less employment credits)					5,847,889		
14 Repairs and maintenance					183,916,613		
15 Bad debts					33,083,652		
16 Rents					-697,875		
17 Taxes and licenses				See Stmt. 8	9,075,025		
18 Interest					20,438,459		
19 Charitable contributions (see instructions for 10% limitation)					92,790,176		
20 Depreciation (attach Form 4562)			20	64,588,126	404,895		
21 Less depreciation claimed on Schedule A and elsewhere on return			21a		64,588,126		
22 Depletion					500,406		
23 Advertising					5,620,435		
24 Pension, profit-sharing, etc., plans					36,628,194		
25 Employee benefit programs					24,225,941		
26 Other deductions (attach schedule)				See Stmt. 9	92,743,756		
27 Total deductions. Add lines 12 through 26					569,165,692		
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					-155,603,843		
29 Less: a Net operating loss (NOL) deduction (see instructions)			29a		452		
b Special deductions (Schedule C, line 20)			29b	452	29c	452	
30 Taxable income. Subtract line 29c from line 28					30	-155,604,295	
31 Total tax (Schedule J, line 11)					31	NONE	
32 Payments: a 2000 overpayment credited to 2001	32a						
b 2001 estimated tax payments	32b						
c Less 2001 refund applied for on Form 4466	32c	( )	d Bal ►	32d			
e Tax deposited with Form 7004				32e			
f Credit for tax paid on undistributed capital gains (attach Form 2439)				32f			
g Credit for Federal tax on fuels (attach Form 4136). See instructions.				32g	17,643	32h	17,643
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached						33	
34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed						34	NONE
35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid						35	17,643
36 Enter amount of line 35 you want: Credited to 2002 estimated tax ►				NONE	Refunded ►	36	17,643

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss  
this return with the  
preparer shown below?  
(see instr.)  Yes  NoSign  
re

Signature of officer

Date

Title

Date

Check if  
self-employed 

Preparer's SSN or PTIN

Paid  
Preparer's  
Use OnlyPreparer's  
signatureFirm's name (or  
yours if self-employed),  
address, and ZIP code

EIN

Phone no.

**Schedule A Cost of Goods Sold (See instructions.)**

1	75,136,954
2	500,463,573
3	61,260,010
4	-1,232,000
5	46,273,348
6	681,901,885
7	89,314,397
8	592,587,488

7 Inventory at end of year. . . . .

8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1. . . . .

9a Check all methods used for valuing closing inventory:

(i)  Cost as described in Regulations section 1.471-3(ii)  Lower of cost or market as described in Regulations section 1.471-4(iii)  Other (Specify method used and attach explanation.) ►b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c). ► c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970). ► 

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?  Yes  Nof Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation.  Yes  No

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock) . . . . .	645	70
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock) . . . . .	80	452
3	Dividends on debt-financed stock of domestic and foreign corporations (section 246A) . . . . .	see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities . . . . .	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities . . . . .	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction . . . . .	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction . . . . .	80	
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b)) . . . . .	100	452
9	Total. Add lines 1 through 8. See instructions for limitation . . . . .		
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 . . . . .	100	
11	Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1)) . . . . .	100	
12	Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3)) . . . . .	100	
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11 . . . . .		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471) . . . . .	561,829	
15	Foreign dividend gross-up (section 78) . . . . .	91,474	
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d)) . . . . .		
17	Other dividends . . . . .		
18	Deduction for dividends paid on certain preferred stock of public utilities . . . . .		
19	Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1. ►	653,948	
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1. ►		452

**Schedule E Compensation of Officers (See instructions.)**

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1 See Stmt 12		%	%	%	5,847,889
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2 Total compensation of officers . . . . .					5,847,889
3 Compensation of officers claimed on Schedule A and elsewhere on return. . . . .					
4 Subtract line 3 from line 2. Enter the result here and on line 12, page 1 . . . . .					5,847,889

Form 1120 (2001)

**Schedule J Tax Computation (See instructions.)**1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563). ► 

Important: Members of a controlled group, see instructions.

If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):

(1) \$ (2) \$ (3) \$b Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750)  
(2) Additional 3% tax (not more than \$100,000)3 Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see instructions). ► 

4 Alternative minimum tax (attach Form 4626) . . . . .

5 Add lines 3 and 4 . . . . .

6 a Foreign tax credit (attach Form 1118) . . . . .

b Possessions tax credit (attach Form 5735) . . . . .

c Check:  Nonconventional source fuel credit  QEV credit (attach Form 8834)

d General business credit. Check box(es) and indicate which forms are attached.

 Form 3800  Form(s) (specify) ► \_\_\_\_\_

e Credit for prior year minimum tax (attach Form 8827) . . . . .

f Qualified zone academy bond credit (attach Form 8860) . . . . .

7 Total credits. Add lines 6a through 6f . . . . .

8 Subtract line 7 from line 5. . . . .

9 Personal holding company tax (attach Schedule PH (Form 1120)) . . . . .

10 Other taxes. Check if from:  Form 4255  Form 8611  Form 8697 Form 8866  Other (attach schedule) . . . . .

11 Total tax. Add lines 8 through 10. Enter here and on line 31, page 1 . . . . .

3	NONE
4	NONE
5	NONE
6a	
6b	
6c	
6d	
6e	
6f	
7	0
8	NONE
9	
10	NONE
11	NONE

**Section J Other Information (See instructions.)**1 Check method of accounting: a  Cash b  Accrual Yes Noc  Other (specify) ► \_\_\_\_\_

2 See the instructions and enter the:

Business activity code no. ► \_\_\_\_\_

Business activity ► \_\_\_\_\_

Product or service ► \_\_\_\_\_

3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c)). . . . . See Stmt. 13. . . . .

If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.

4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? . . . . .

If "Yes," enter name and EIN of the parent corporation ► \_\_\_\_\_

5 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c)). . . . .

If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ► \_\_\_\_\_

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316). . . . .

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.

7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? . . . . .

If "Yes," enter: (a) Percentage owned ► \_\_\_\_\_ and (b) Owner's country ► \_\_\_\_\_

c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ► \_\_\_\_\_

8 Check this box if the corporation issued publicly offered debt instruments with original issue discount . . . . . ►  If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.

9 Enter the amount of tax-exempt interest received or accrued during the tax year ► \$ \_\_\_\_\_ NONE

10 Enter the number of shareholders at the end of the tax year (if 75 or fewer) ► \_\_\_\_\_

11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here. . . . . ► 

If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3)(i) or (ii) must be attached or the election will not be valid.

12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ► \$ \_\_\_\_\_

<b>Schedule L Balance Sheets per Books</b>		<b>Beginning of tax year</b>		<b>End of tax year</b>	
		(a)	(b)	(c)	(d)
1	Cash . . . . .		40,397,583		36,401,758
2a	Trade notes and accounts receivable . . . . .	115,517,463		162,799,935	
b	Less allowance for bad debts . . . . .	( 197,374 )	115,320,089	( 1,475,365 )	161,324,570
3	Inventories . . . . .		75,136,954		89,314,397
4	U.S. government obligations . . . . .				
5	Tax-exempt securities (see instructions) . . . . .				
6	Other current assets (attach schedule) . . . . .		128,528,662		44,869,337
7	Loans to shareholders . . . . .				
8	Mortgage and real estate loans . . . . .				
9	Other investments (attach schedule) . . . . .		1,758,305,532		1,795,517,586
10a	Buildings and other depreciable assets . . . . .	1,017,558,816		1,042,918,916	
b	Less accumulated depreciation . . . . .	( 618,511,921 )	399,046,895	( 668,953,459 )	373,965,457
11a	Depletable assets . . . . .	1,109,420		1,109,421	
b	Less accumulated depletion . . . . .	( 240,125 )	869,295	( 267,879 )	841,542
12	Land (net of any amortization) . . . . .		7,114,479		7,131,364
13a	Intangible assets (amortizable only) . . . . .	57,069,703		67,340,128	
b	Less accumulated amortization . . . . .	( 11,977,702 )	45,092,001	( 12,957,096 )	54,383,032
14	Other assets (attach schedule) . . . . .		1,284,879,771		1,370,771,002
15	Total assets . . . . .		3,854,691,261		3,934,520,045
<b>Liabilities and Shareholders' Equity</b>					
16	Accounts payable . . . . .		206,158,309		60,476,741
17	Mortgages, notes, bonds payable in less than 1 year . . . . .		258,627,438		299,529
18	Other current liabilities (attach schedule) . . . . .		1,973,760,047		1,853,482,337
19	Loans from shareholders . . . . .				
20	Mortgages, notes, bonds payable in 1 year or more . . . . .				501,543,000
21	Other liabilities (attach schedule) . . . . .		1,563,405,608		1,863,080,086
22	Capital stock: a Preferred stock . . . . .				
b	Common stock . . . . .	85,018,000	85,018,000	85,019,000	85,019,000
23	Additional paid-in capital . . . . .		142,269,878		142,269,878
24	Retained earnings - Appropriated (attach sch) . . . . .		-2,000		-2,000
25	Retained earnings - Unappropriated . . . . .		-374,546,019		-571,648,526
26	Adjustments to shareholders' equity (attach schedule) . . . . .				
27	Less cost of treasury stock . . . . .		( )	( )	( )
28	Total liabilities and shareholders' equity . . . . .		3,854,691,261		3,934,520,045

Note: The corporation is not required to complete Schedules M-1 and M-2 if the total assets on line 15, col. (d) of Schedule L are less than \$25,000.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See instructions.)**

1	Net income (loss) per books . . . . .	-35,340,622	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books . . . . .	3,528,557		Tax-exempt interest \$	
3	Excess of capital losses over capital gains . . . . .			See Stmt 22	27,462,453
4	Income subject to tax not recorded on books this year (itemize):				27,462,453
	See Stmt 20	9,478,717			
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation . . . . . \$ 60,243,506		a	Depreciation . . . . . \$ 64,567,454	
b	Charitable contributions \$		b	Charitable contributions \$	
c	Travel and entertainment \$ 2,701,621			See Stmt 23	65,549,869
	See Stmt 21	-38,635,846			130,117,323
6	Add lines 1 through 5 . . . . .	24,309,281	9	Add lines 7 and 8 . . . . .	157,579,776
		1,975,933	10	Income (line 28, page 1) - line 6 less line 9 . . . . .	-155,603,843

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1	Balance at beginning of year . . . . .	-374,546,019	5	Distributions: a Cash . . . . .	
2	Net income (loss) per books . . . . .	-35,340,622	b	Stock . . . . .	
3	Other increases (itemize):		c	Property . . . . .	
	See Stmt 24	-161,761,885	6	Other decreases (itemize):	
4	Add lines 1, 2, and 3 . . . . .	-571,648,526	7	Add lines 5 and 6 . . . . .	0
			8	Balance at end of year (line 4 less line 7) . . . . .	-571,648,526

Statement 0

W.R. GRACE & CO. - U.S. and DIVISIONS  
U.S. Corporation Income Tax Return  
For Year Ended 12/31/2001

Form 1120 US Corporation Income Tax Return  
Consolidated Income, Deductions, and Taxes

Line Description	Consolidated Total	Limitations	Corporate Eliminations	Subtotal before Eliminations	Conn 13-5114230	Conn Conn Elim
<b>Income</b>						
1a Gross receipts or sales	1,021,196,077	0	0	1,021,196,077	0	0
b Less returns and allowances	34,826,751	0	0	34,826,751	0	0
c Net receipts or sales	986,369,326	0	0	986,369,326	0	0
2 Less cost of goods sold (Sch. A, line 8)	592,587,488	0	0	592,587,488	0	0
3 Gross profit	393,781,838	0	0	393,781,838	0	0
4 Dividends (Sch. C, line 19)	653,948	0	0	653,948	0	0
5 Interest	2,079,220	0	0	2,079,220	0	0
6 Gross rents	2,242	0	0	2,242	0	0
7 Gross royalties	9,348,473	0	0	9,348,473	0	0
8 Capital gain net income (Schedule D)	558,785	-586,194	0	1,144,979	0	0
9 Net gain (loss) from Form 4797, line 18	1,822,821	586,194	0	1,236,627	0	0
10 Other income	5,314,522	0	0	5,314,522	0	0
11 Total income. Lines 3 through 10	413,561,849	0	0	413,561,849	0	0
 <b>Deductions</b>						
12 Compensation of officers (Sch. E, line 4)	5,847,889	0	0	5,847,889	0	0
13 Salaries and wages	183,916,613	0	0	183,916,613	0	0
14 Repairs & Maintenance	33,083,652	0	0	33,083,652	0	0
15 Bad Debts	-697,875	0	0	-697,875	0	0
16 Rents	9,075,025	0	0	9,075,025	0	0
17 Taxes & Licenses	20,438,459	0	0	20,438,459	0	0
18 Interest	92,790,176	0	0	92,790,176	0	0
19 Contributions	404,895	0	0	404,895	0	0
20 Depreciation (Form 4562)	64,588,126	0	0	64,588,126	0	0
21a Less depreciation claimed elsewhere	0	0	0	0	0	0
b Net depreciation	64,588,126	0	0	64,588,126	0	0
22 Depletion	500,406	0	0	500,406	0	0
23 Advertising	5,620,435	0	0	5,620,435	0	0
24 Pension, profit-sharing, etc., plans	36,628,194	0	0	36,628,194	0	0
25 Employee benefit Programs	24,225,941	0	0	24,225,941	0	0
26 Other deductions	92,743,756	0	0	92,743,756	0	0
27 Total deductions. Lines 12 through 26	569,165,692	0	0	569,165,692	0	0
28 Tax. inc. before NOL & special deductions	-155,603,843	0	0	-155,603,843	0	0
29a Less NOL deduction	0	0	0	0	0	0
b Less special deductions (Sch. C, line 20)	452	0	0	452	0	0
c Balance	452	0	0	452	0	0
30 Taxable income. Line 28 less line 29c	-155,604,295	0	0	-155,604,295	0	0